



CEK/ek4 6/21/2018

FILED
06/21/18
10:55 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Evaluate the
Mobilehome Park Pilot Program and to
Adopt Programmatic Modifications.

Rulemaking 18-04-018

**ADMINISTRATIVE LAW JUDGE'S RULING SETTING PREHEARING
CONFERENCE, ENTERING STAFF PROPOSAL INTO RECORD, AND
SEEKING COMMENTS**

Background

Rulemaking (R.) 18-04-018 was initiated by the California Public Utilities Commission (Commission) to evaluate the Mobilehome Park Pilot Program (MHP Pilot Program),¹ a three-year pilot program adopted in Decision (D.) 14-03-021. The purpose of the MHP Pilot Program was to incentivize mobilehome parks and manufactured housing communities with master-metered natural gas and electricity to convert to direct utility service. Using the results of the evaluation, the Commission will determine whether the MHP Pilot Program should be expanded beyond the initial three-year pilot into a permanent MHP Utility Program, inclusive of the extensions approved in Resolution E-4878, and if so, under what conditions and program rules. As summarized in the Order Instituting Rulemaking (OIR) decision issued May 7, 2018, while this OIR will evaluate the MHP Pilot Program, the proceeding is not intended to re-litigate the policy or legal findings of D.14-03-021.²

¹ The MHP Pilot Program has also been named the Mobilehome Park Utility Upgrade Program by the utilities in various filings.

² R.18-04-018 at 2.

1. Notice of Prehearing Conference

This ruling sets a prehearing conference (PHC) in this OIR proceeding for July 30, 2018, commencing at 10 a.m., in the Commission's Courtroom, 505 Van Ness Avenue, San Francisco, California, to determine the parties, positions of the parties, scope and schedule of the proceeding (including workshop process), and other procedural matters.

2. Staff Report

Consistent with the requirements of R.18.04-018, the Commission's Safety and Enforcement Division and Energy Division developed a joint proposal entitled "Evaluation of 2015-2017 Mobile Home Park (MHP) Utility Conversion Pilot Program & Joint Staff Proposal for Proposed Program Continuation and Refinements in R.18-04-018," dated June 19, 2018 (Staff Proposal). As the OIR states, "the purpose of the Staff Proposal is to provide a starting place on which to answer the questions in the preliminary scope of the OIR."³ Among other things, "[b]ased on lessons learned from the MHP, the Staff Proposal offers enhancements to further align the program with state policy, provides solutions to issues raised in response to R.18-04-018 [footnote omitted], and responds to specific programmatic changes proposed in the Applications of San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company (SoCalGas)."⁴ Commission staff recommend retaining the foundational elements of the MHP pilot program, which were litigated extensively during a three-year proceeding R.11-02-018.

Parties may comment on the June 19, 2018 Staff Proposal by responding to topics set forth in the Staff Proposal:

³ R.18-04-018 at 3.

⁴ Staff Proposal at 4. *See* (A.) 17-05-007 consolidated with A.17-05-008.

1. MHP Pilot Program Evaluation Criteria;
2. Disadvantaged Communities;
3. Proposed Permanent MHP Program (Recommendations); and
4. Supporting Documentation (Appendices A-C).

Parties may provide any additional comments they deem necessary, in accordance with the guidance provided below.

3. Comments

Comments should respond to the topics posed in Section 2 of this ruling. Parties may identify and comment on issues that are not addressed in the Staff Proposal. However, commenters doing so should clearly identify and explain the relevance of the additional issue as it relates to the implementation of this rulemaking.

Comments of not more than 20 pages may be filed and served not later than July 18, 2018. Reply comments of not more than 10 pages may be filed and served not later than July 25, 2018.

We have already received May 22, 2018 opening comments and May 29, 2018 reply comments on the preliminary scoping issues of the OIR; therefore, separate PHC statements are not required.

IT IS RULED that:

1. As described in this ruling, a prehearing conference will be held at 10:00 a.m., on Monday, July 30, 2018 at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, California.
2. The Commission's Safety and Enforcement Division and Energy Division's Staff Proposal entitled "Evaluation of 2015-2017 Mobile Home Park (MHP) Utility Conversion Pilot Program & Joint Staff Proposal for Proposed Program

Continuation and Refinements in R.18-04-018,” dated June 19, 2018, is accepted into the record of this proceeding as Attachment 1 to this Ruling.

3. Comments of not more than 20 pages in response to the Staff Proposal may be filed and served no later than July 18, 2018.

4. Reply comments of not more than 10 pages may be filed and served no later than July 25, 2018.

Dated June 21, 2018 at San Francisco, California.

/s/ COLETTE E. KERSTEN

Colette E. Kersten
Administrative Law Judge

ATTACHMENT 1

**Safety Enforcement Division and Energy Division Staff
Proposal**

Safety and Enforcement Division Energy Division

Evaluation of 2015-2017 Mobile Home Park (MHP) Utility Conversion Pilot Program & Joint Staff Proposal for Proposed Program Continuation and Refinements in R.18-04-018

Joint Staff Proposal

June 19, 2018



**California Public Utilities Commission
Safety and Enforcement Division: Gas Safety
Energy Division: Grid Planning and Reliability**

**Lead Authors:
Sunil Shori
David K. Lee, P.E**

Table of Contents

Table of Contents	2
I. Executive Summary	4
II. Background.....	6
III. MHP Pilot Program Evaluation Criteria	8
1. Demand for a MHP Utility Upgrade Program	8
Staff Findings Related to Demand	8
2. Program Outreach and Conversion Completions.....	9
3. Safety, Reliability, and Capacity Improvements.....	11
Safety Improvements.....	11
Capacity Improvements	12
Reliability Improvements	12
4. Conversion Cost Results	12
5. Resident Impacts; Access to CARE and Medical Baseline, and Energy Management and Conservation Programs to Achieve Cost Savings; and Other Benefits	14
Residential Impacts	14
Enable Access to Energy Management and Conservation Programs to Achieve Cost Savings	14
Improve Access to the CARE and Medical Baseline Programs	14
Other Benefits of MHP Pilot Program.....	15
IV. Disadvantaged Communities	16
V. Proposed Permanent MHP Program.....	18
1. Voluntary vs. Mandatory	19
2. Standard Program Rules	20
3. Eligibility.....	20
4. Prioritization System.....	21
5. Coordination with Communication/ Broadband Providers and with Publicly Owned Utilities	23
6. Cost Benchmark.....	23
7. Cost Containment	24
8. Cost Recovery	25
9. Reporting Requirement	26

10. Program Administration	27
Appendix A.....	28
Table 1: Comparison of Completed MHP Conversions Before and After the Mobilehome Park Utility Upgrade Program.....	28
Table 2: Electric and Gas Space Conversions in 2016 and 2017.....	29
Table 3: Comparison of Estimated and Actual MHP Utility Conversion Costs (2015 – 2017).....	30
Appendix B	31
Figure 1: Mobilehome Park Selection Criteria based on Utility System Characteristics and Conditions.....	31
Appendix C.....	32
Table 4: Annual Reporting Requirements – Fields for Individual MHP Identification, Conversion, and Cost Information.....	32
Table 5: MHP Annual Reporting Requirements – Fields for Total Program Costs	36
Table 6: MHP Annual Reporting Requirements – Fields for Customer Impact	36

I. Executive Summary

In order to achieve the safety improvements intended by Public Utilities Code §§ 2791-2799, the Commission established a three-year-pilot program to incentivize voluntary conversion from master-meter/submeter natural gas and/or electric service to direct utility service within mobilehome parks and manufactured housing communities (collectively referred to as MHPs). Decision (D.) 14-03-021 ordered this program, also known as the Mobilehome Park Utility Upgrade Program, which will be hereafter referred to as the “MHP pilot program or Pilot.”

As envisioned by the Commission in D.14-03-021, staff evaluated the MHP pilot program to assess demand for the program, constructability, its effectiveness in improving safety, and whether the program should be continued and what refinements should be considered. Upon evaluation, Staff finds that the MHP pilot program met its objectives and merits continuation, based on the overarching goals for the Pilot to improve safety and reliability of electric and gas utilities serving the residents, the findings in Resolution E-4878¹, and the utilities’ MHP pilot program annual reports².

Given the positive results from the Pilot, Staff prepared this Staff Proposal with a variety of recommendations offered herein. This Staff Proposal recommends transitioning the MHP Pilot into a MHP Program (Program). Based on lessons learned, the Staff Proposal offers enhancements to further align the Program with state policy, provides solutions to issues raised in response to the Commission’s Order Instituting Rulemaking (R) 18-04-018³, and responds to certain programmatic changes proposed in the related Applications of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas). Consistent with the Order Instituting Rulemaking (R) 18-04-018⁴, Commission Staff recommend retaining the foundational elements of the MHP pilot program, as these matters were litigated and deliberated during an extensive three year proceeding, R.11-02-018. Staff has also incorporated into this Staff Proposal some of the issues and comments received in May 2018 by the Commission in response to the initial rulemaking document.

If the Commission decides to make a Permanent MHP Program, this Staff Proposal offers a number of recommendations for the new program in the Section V “Proposed Permanent MHP Program”. Staff highlights twelve key parts of its recommendations below as part of this Executive Summary.

¹ Resolution E-4878: <http://docs.cpuc.ca.gov/ResolutionSearchForm.aspx>

² MHP Pilot Program annual reports can be found at: <http://www.cpuc.ca.gov/mhpupgrade/>

³ The Commission opened R.18-01-018 on April 26, 2018, to evaluate the Mobilehome Park Pilot Program (MHP Pilot Program): https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1804018

⁴ R.18-01-018: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1804018

- 1) A permanent MHP Program should be adopted by the Commission, with mandatory participation from the eight utilities that participated in the Pilot. (Section V.1.b)
- 2) Participating eligible MHPs should continue to be funded for conversion “to the meter (TTM),” as well as, “beyond the meter (BTM)”. (Section V.2.a and Section V.8.a)
- 3) Program eligibility should be expanded to similarly situated residents in MHPs with master-meter utility systems which are not sub-metered but, nonetheless, present the same safety concerns as sub-metered systems in all other regards. (Section V.3.b)
- 4) The Commission should establish an application period every four years for MHPs to apply to the MHP Pilot program. All MHPs would be limited to one application for the Program and any MHP which was converted under the Pilot would be ineligible to participate in the Program. Staff should have the discretion to extend this application period to every five years. (Section V.3.c)
- 5) The Commission should identify which entity is responsible for the selection and prioritization of MHPs (to make a priority list or order for implementation) for participation in the program. (Section V.4.b)

This proposal offers two options for the Commission’s consideration:

- OPTION 1. Safety and Enforcement Division (SED) should retain authority (similar to the Pilot) to select and prioritize MHPs for the program based on safety, and will oversee the work and the resolution of any issues that arise; or
 - OPTION 2. Utilities will select and prioritize MHPs for the program based on determined risk criteria identified by SED and adopted by the Commission and the Commission would authorize SED to have the ability to audit / change the utility-established prioritization lists as needed.
- 6) The annual target conversion rate in the MHP Program should be 4% of the total master-metered spaces in a utility’s respective territory not already under conversion or scheduled for conversion each year beyond 2019. (Section V.4.c)
 - 7) Subject to the voluntary participation by MHPs, the Commission should adopt a goal of completing conversions of 50% of all MHP master-metered spaces served by the large gas and electric utilities in their service territories, and 100% of the MHP master-metered spaces served by the smaller electric utilities (PacifiCorp, Bear Valley and Liberty) in their service territories, by the end of the 2030 calendar year. (Section V.4.c)
 - 8) Program refinements should be implemented to incentivize and strengthen cost containment such as an average cost cap per space. (Section 7)
 - 9) The utilities should remain responsible for ensuring that the overall project for any selected MHP is performed efficiently and cost effectively for ratepayers. (Section V.7.a)
 - 10) Detailed annual reporting should be implemented per the format contained in this proposal. (Section V.9)
 - 11) MHP owners should be responsible for any environmental review related and/or cultural costs in the MHP utility upgrade projects (Section V.7.g)
 - 12) Each utility should be allowed to charge the costs associated with cancellation and discontinuance of the legacy system in its MHP memorandum account. These include the costs to de-energize existing system, remove master meter, and purge existing gas system. (Section V.7.h)

II. Background

In February 2011, the CPUC opened Rulemaking (R.) 11-02-018 to examine what could be done to encourage owners of mobilehome parks and manufactured housing communities (both referred herein as MHPs) to replace aging gas and electric distribution systems in an effort to enhance public safety, service reliability and increase electric capacity for MHP residents, consistent with intentions of Public Utilities Code §§ 2791-2799.⁵

In March 2014, the CPUC adopted Decision (D.) 14-03-021, establishing a three-year mobilehome park utility conversion pilot program (MHP pilot program or Pilot) beginning in January 2015. The MHP program authorized each of the eight California investor-owned utilities participating in MHP program to convert to direct utility service 10% of master-metered gas and/or electric MHP spaces within its operating territory. The Pilot provided funding for to-the-meter (TTM) and beyond-the-meter (BTM) construction, and prioritized conversion of gas systems vs. electric-only conversions. The Pilot also encouraged participation of utility providers, other than Commission-regulated gas and electric utilities, in order to realize overall efficiencies.

In September 2017, the CPUC adopted Resolution E-4878 authorizing currently participating electric and gas utilities to continue their MHP pilot program until the earlier of either December 31, 2019, or the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2019.⁶ Resolution E-4878 disposed of Advice Letters⁷ from the utilities to request continuation of the conversion program pursuant to Ordering Paragraph (OP) 13 of D.14-03-021.⁸ The Resolution limited the number of spaces

⁵ Effective 1997, Public Utilities (PU) Code §§ 2791-2799:

- Required all mobilehome parks (MHP) constructed after January 1, 1997, provide directly metered natural gas and/or electric service to individual coaches/manufactured homes.
- Enabled MHP owners transfer existing master-meter/submeter systems at MHPs constructed prior to January 1, 1997 to utility ownership and control, if those systems meet specified requirements.
- Required that the costs of the transfer process not be passed through to MHP residents.

⁶ Resolution E-4878. *Authorization to continue and expand the Mobile Home Park Utility Upgrade Pilot Program (MHP Pilot) for currently participating electric and gas utilities.*

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M196/K538/196538125.PDF>

⁷ PG&E AL 3822-G/5033-E, 3822-G-A/5033-E-A, 3822-G-B/5033-E-B, SCE AL 3576-E, SDG&E AL 3057-E/2563-G, Liberty Utilities (CalPeco Electric) AL 76-E, SoCalGas AL 5106-G, and Southwest Gas AL 1035-G

⁸ D.14-03-021 OP 13: Any utility may file a Tier 2 Advice Letter within 45 days of the second annual status report to request continuation of the conversion program if the actual experience to that point appears to warrant continuation of the program without major modification. Among other things, the advice letter filing should specify the application period and the application process and should include a target for converting an additional

converted in years 2018 and 2019 to the levels specified in the utility's respective advice letter filing. Furthermore, the resolution stated that a utility shall not begin construction of a utility upgrade project of a MHP if, at the start of the construction project, facts indicate that this conversion project would not be completed by October 31, 2019.

number of spaces, either as a whole number or a percentage of the remaining spaces in the utility service territory potentially eligible for conversion.

III. MHP Pilot Program Evaluation Criteria

Staff evaluated the MHP pilot program based on five criteria:

1. Demand for a program to upgrade utilities within MHPs;
2. Program outreach and conversion completions;
3. Benefit from safety, reliability, and capacity improvements;
4. Conversion cost results; and
5. Resident impact, access to energy management and conservation programs to achieve cost savings, and other benefits.

1. Demand for a MHP Utility Upgrade Program

Since 1997, MHP owners and operators have had the opportunity to transfer the gas and electric distribution systems within master-metered MHPs to the local distribution utility, pursuant to Public Utilities Code §§ 2791-2799. However, utilities saw very little interest over a 17-year period; therefore, the Commission established the Pilot as a voluntary program to incentivize MHP owners/operators to pursue safety, reliability and capacity improvements intended by Public Utilities Code §§ 2791-2799.

Because participation in the MHP program is voluntary for MHP owners and operators, it was unknown whether the Pilot would increase demand. Following adoption of the MHP pilot program in 2014, approximately 1,830 MHPs, representing approximately 197,000 spaces, submitted a CPUC Form of Intent to apply for consideration of being selected for the Pilot. This represents approximately 52% of the total master-metered MHP spaces indicated by the 8 participating utilities. The number of spaces applying for the Pilot far exceeded the cap of 10% of the total number of MHP spaces, in each utility's service territory, established by D.14-03-021.

Staff Findings Related to Demand

- The MHP program was highly effective at increasing participation from MHP owners / operators (See Table 1 at Appendix A) because D.14-03-021 authorized utilities rate recovery of "to-the-meter" and "beyond the meter" conversion costs.
- Between 1997-2014, prior to the advent of the MHP pilot program, approximately 3,681 MHP spaces were converted of the approximately 389,443 spaces within the service territory of CPUC jurisdictional IOUs. These conversions represent approximately 0.95% of total MHP spaces. This low conversion rate was due to the upfront costs of the MHP owners to transfer systems to the serving utilities. Public

Utilities Code §§ 2791-2799 authorized transfer of ownership and operational responsibility of master-meter/submeter systems to the utilities. However, the MHP owners still need to pay for initial inspections, engineering evaluation and plans, and the upgrade costs to bring their existing gas or electric systems to meet Commission General Orders (GO) requirements.

- During the MHP program (2015-2017), approximately 17,390 MHP spaces were converted of the approximately 380,970 spaces within the service territory of the eight participating utilities. These conversions represent approximately 4.56% of total MHP spaces. Utilities were authorized to fully recover the reasonably incurred, actual costs of the conversion program in distribution rates which contributed to the significant increase in MHP participations and conversions.
- There continues to be demand from MHP owners/operators, who have not been able to participate in the Pilot to convert their master-metered gas and/or electric systems to direct service.
- There also continues to be great interest from the many contractors participating in the Pilot to perform beyond-the-meter work for MHP owners.

2. Program Outreach and Conversion Completions

The MHP pilot program is a first of its kind in California. Completing construction to convert MHP owned / operated electric and gas distribution systems to direct utility service required tremendous outreach by the utilities to educate all stakeholders on MHP pilot program processes to avoid major disruption of utility service or otherwise overly inconveniencing MHP residents. Implementing the Pilot also required collaboration between numerous stakeholders to establish protocols for construction models, permits, inspections, and communications between all parties impacted throughout a project. Participants include the CPUC's Safety and Enforcement Division (SED), California Department of Housing and Community Development (HCD)/local enforcement agencies, the local electric and gas utilities, contractors, MHP owners/operators, and MHP residents.

The on-going high-level of demand for participation in the Pilot program demonstrates that the utilities, with guidance from SED and HCD, were able to develop and implement new protocols to successfully convert master-metered utility system to direct utility service. Ordering Paragraph (OP) 3 of D. 14-03-021 authorized SED to prioritize conversions of natural gas only systems or dual service systems (both natural gas and electricity). Figure 1 in Appendix B shows a chart of selection criteria based on utility system characteristics and conditions developed by SED. For prioritization of electric only systems, the utilities must consult and coordinate with HCD or its local agency designee. The Pilot authorized each of

the eight California investor-owned utilities participating in the MHP pilot program to convert to direct utility service 10% of master-metered gas and/or electric MHP spaces within its operating territory over the three-year period. However, actual results since the Pilot's implementation provide more insight into the IOUs' ability to complete conversions over a given timeframe and range of costs. Moreover, these results confirm that the experience of the MHP owner / operator and MHP residents has been positive and the Pilot was well received.

As a result of the Pilot, staff believes that the utilities have the ability to achieve the goals set forth in D. 14-03-021. Table 1 in Appendix A illustrates the conversion rates of utilities' transferred and converted electric and gas distribution system to direct utility service within the timeframe envisioned in D.14-03-021. The conversion rates range from approximately 3.03% for PG&E to 41.12% for Bear Valley Electric Service (BVES) over the three-year period. None of the utilities, with the exception of BVES, reached the 10% goal in the MHP Pilot Program. However, if we compare the number of space converted in 2016 and 2017 of each utility (Table 2 of Appendix A), we can see the dramatic improvements in conversion efficiencies. Utilities have converted electric and gas spaces at average rates of 95% and 96% of the 2017 targeted level, respectively (Appendix A, Table 2). Limiting factors occurring in year 2015 may have contributed to a smaller conversion rate in the first year of the pilot (i.e. initial application process and outreach period, contractor availability, learning curve, weather, etc.). From staff observations, the utilities have developed a program with the intent to maximize program participation and create a positive customer experience.⁹ Over the three-year Pilot period, the utilities have continued to update and revise the implementation in an effort to meet the Pilot objectives.

Based on Staff's oversight, guidance and review, we find that the MHP pilot program has demonstrated its viability through:

- The establishment of new procedures to facilitate utility conversions that satisfy local and state regulations;
- The development of uniform, state-wide, guidelines and communications materials used to educate all stakeholders on how the MHP pilot program would be implemented and provide sources for information about the Pilot;

⁹ For example, see SDG&E's Mobilehome Park Utility Upgrade Program website, accessible at: <https://www.sdge.com/key-initiatives/mobilehome-park-utility-upgrade-program> .

- Outreach sessions at multiple locations throughout the state in order to inform MHP owners / operators, residents, and potential contractors about the benefits of the program and why, and how, they could participate; and
- Continually incorporating lessons learned into improving the MHP pilot processes.

3. Safety, Reliability, and Capacity Improvements

Pursuant to Ordering Paragraph 10 and 11 of D.14-03-021, the utilities provided an annual status report which included a timeline for implementation, the status of the pilot, problems experienced, information about each MHP, and a comprehensive cost account of each project. From reports filed for 2015, 2016 and 2017, Staff has made the following determinations.

Safety Improvements

- The Pilot achieved the intended safety improvements. PG&E stated that through 2016, 2,690 gas leak surveys have been conducted on individual spaces, and 357 gas leaks have been found, of which most were on customer-owned facilities. Many of these facilities have since been decommissioned and replaced with direct utility service.
- Utilities appropriately scheduled and converted MHPs with highest risk, as identified and prioritized by SED, and shown on the MHP Pilot Program annual reports.
- Conversions have reduced time required for SED inspections and, therefore, allow staff to allocate more resources to other risk mitigating tasks.
- Utilities installed under the Pilot are mapped and accessible for subsurface damage prevention programs, which vastly improves safety, especially for gas utilities, since many MHPs have limited documentation of facility locations or accurate knowledge of the composition of pipeline facility components. This improvement increases the safety for MHP employees, residents, as well as others that eventually perform excavation activities in that MHP.
- Installation of some appliances (e.g., air conditioning or heating), made possible by Pilot related electric capacity increase, can have safety implications for persons living in less temperate climates who may be more sensitive to extreme temperature conditions.
- In Comments on the OIR, The Utility Reform Network (TURN) suggested that SED should provide parties and the Commission with fundamental safety information regarding MHPs to bolster the decision making record. However, staff notes that since safety risk of mobilehome parks and prioritization of mobilehome parks for conversion was extensively litigated in the previous mobilehome park proceeding, hence, this OIR may not need to re-litigate this issue.

Capacity Improvements

Gas capacity is not an issue with master-metered service; however, the need for electric capacity improvement is a significant issue with master-metered electric service. Under the Pilot's standard installation of 100 amps for residential electrical service, in almost all cases, residents experience an increase in electrical capacity, going from an existing 30 or 50 amps, to 100 amps available to facilitate use of many appliances that residents previously could not install. Also, with the increased capacity, residents cannot only install, but are able to use additional appliances (e.g. air conditioning or heating) without limiting use of other appliances at the same time. In such cases, these additional appliances created a more comfortable living environment with potential safety implication for those persons living in less temperate climates who may be more sensitive to extreme temperature conditions. Additionally, the increased electric capacity could also enable the use of higher capacity electric vehicle chargers, which supports California's objectives to reduce environmental emissions of greenhouse gases. Moreover, direct electrical utility service enables residents to consider individual space solar panel installations, which in most cases would not be technically possible on master-metered electric systems.

Reliability Improvements

Residents in MHPs, especially those under 50 spaces, receive reliable and timely emergency response from utility field service representatives on a 24/7, year round basis after conversion is completed.

Data is not maintained or otherwise readily available for electric outages in MHPs. MHPs historically have used direct buried cable for their electric distribution systems. Such installations are prone to failure after many decades of service. These directly buried cables lack conduits, and the absence of conduits makes it difficult and costly to repair or replace. It is for this reason that electrical utilities have programs to replace direct buried cables where opportunities allow, throughout their electrical distribution system. Electric distribution systems installed in MHP under the Pilot are in conduit or above ground installations, depending on the circumstances.

4. Conversion Cost Results

At the time the Commission adopted D.14-03-021, there was very little information about the actual costs to complete the type of work envisioned for the MHP pilot program. Due to differences in their respective operations and service territories, respective cost estimates provided during the R.11-02-018 proceeding by each of the eight utilities participating in the

MHP pilot program varied significantly. Therefore, for the MHP pilot program the Commission adopted the respective cost estimates provided by each utility and required annual reporting of the average cost per MHP space as a means for evaluating the effectiveness of the program and individual utility performance.

Most utilities' actual cost per space converted is in line with the Commission-adopted cost estimates, though PG&E, Liberty Utilities, and BVES are significantly higher than projected. Table 3 in Appendix A shows the projected versus actual costs per space. As D.14-03-021 contemplated based on estimates submitted by utilities, costs per space could differ among utilities due to operating territories, labor agreements, and other factors. Moreover, the level of costs related for construction, especially for the beyond the meter component, were estimated. Therefore, one of the objectives of the Pilot, once it was implemented, was to provide more accurate, reasonable costs based on actual construction.

After general guidance from SED and HCD regarding construction expectations for Pilot related conversions, utilities established their own management structures, contractor processes for to-the-meter and beyond-the-meter construction, and schedules to most efficiently complete work in MHPs selected by SED. SED and HCD did not specify program management approaches or how utilities specifically scheduled their construction activity to complete selected MHPs. The extent of which the utility established specific management processes and managed costs of its respective program costs will be evaluated during its general rate case (GRC). Overall, staff found that, except for PG&E, actual costs for the large utilities have generally been in line with estimates included in D.14-03-021.

PG&E's cost per space is \$30,356, which is higher than average (Table 3 of Appendix A) which is higher than SDG&E (\$27,425) and SCE + SCG (\$12,238 + \$9,503 = \$21,741). This discrepancy of costs between the utilities as they have implemented the program may be a policy concern for the Commission. It is notable that PG&E's per space cost exceeds that of SDG&E's, which like PG&E is a dual commodity utility, average per space costs by about 11%. And, relative to the combined average per space costs of SoCalGas and SCE for spaces on which both utilities partnered to perform their respective share of the work to install conversion facilities, PG&E cost was approximately 40% higher.¹⁰ Considering the protocols for installation, the number of contractors available to the MHP program, the similarities between permitting and inspection concerns through the state, and the experience gained and shared among the utilities, PG&E should be able to lower its average per space costs and become comparable with actual costs reported by other similarly sized utilities. Staff will continue to coordinate with all the utilities

¹⁰ There are a few instances (e.g. MHPs served by a municipal electric utility provider) where SoCalGas converted only gas utility facilities under the Pilot. However, the impact of these few instances would not be expected to impact the SoCalGas average per space cost.

to increase efficiencies for cost containment but the Commission may wish to opine on the priority of cost containment.

Appendix A also compares each utility's costs to their originally expected costs, and it finds in the last row of Appendix A that there are discrepancies between projected and actual. These discrepancies are less of a policy concern because it appears that some utilities over estimated and some under estimated.

5. Resident Impacts; Access to CARE and Medical Baseline, and Energy Management and Conservation Programs to Achieve Cost Savings; and Other Benefits

In addition to the benefits of improved safety, reliability and capacity to participating MHPs and its residents, D.14-03-021 clearly envisioned additional benefits from converting to direct utility service.

Residential Impacts

Utilities completed construction to convert MHP owned / operated electric and gas distribution systems to direct utility service, with very minor disruption of utility service or otherwise overly inconveniencing MHP residents, and where issues arose, utilities have worked with MHPs to try and resolve issues fairly.

Enable Access to Energy Management and Conservation Programs to Achieve Cost Savings

Though residents of master-metered MHPs within the service territory of a Commission-regulated utility pay the same residential rates (on a ¢/kWh or \$/therm basis) as the utility's direct service customers, they do not receive all the same benefits. These MHP residents are ineligible to participate in established public purpose and load management programs widely available to those who receive direct service, including for example, those developed to promote low-income energy efficiency and advanced metering infrastructure. The MHP residents through direct utility service now may have individual accounts and the benefits of these programs. Where MHP sub metered electric service capacity available to individual residents is inadequate (less than 100 amps), residents may be unable to operate many modern appliances, including essentials such as air conditioners or heaters, and electric vehicle recharging is impossible. (D.14-03-021, Finding of Fact 14)

Improve Access to the CARE and Medical Baseline Programs

PG&E stated that 33% of the mobilehome park residents in converted MHPs are now enrolled in CARE and medical baseline. This percentage is based on the population of MHP residents in 63 MHPs where PG&E has completed the conversion within the Pilot Program as of March 31,

2018 and not every MHP within PG&E's service territory. (Note: Only PG&E voluntarily provided these CARE statistics in their comments to the OIR.)

Other Benefits of MHP Pilot Program

Other benefits include:

- The ability for MHP residents to manage their utility bill with time-of-use rates, which is only available for customers with smart meters;
- In a converted MHP, the master-meter discount currently received by MHP owners to maintain distribution facilities and perform other activities normally performed by utilities, is eliminated and savings from these discount costs revert back the utility's ratepayers; and
- The opportunity for coordination and some excavation related cost sharing with communication providers and any municipal utilities providing service to the MHP who may be interested in upgrading their service facilities located within a selected MHP.

IV. Disadvantaged Communities¹¹

R.18-04-018 (OIR) included in the preliminary scope the question of whether there are any programmatic modifications that should be made to ensure participation from MHPs in the state's most disadvantaged communities.¹²

The original intent of R. 11-02-018 and the selection criteria to prioritize utility MHP upgrades were based on safety, reliability, and capacity improvements. The MHP owners have the fiduciary duties and obligations to invest the “master-meter” discounts paid by ratepayers to maintain “beyond-the-meter” distribution facilities. Also, the maintenance of these systems is subject to regulatory oversight by the CPUC or Housing and Community Development (HCD). Hence, it is unlikely – and unsupported by any currently available evidence - that the level of maintenance by a MHP owner which affect safety and reliability of their utility systems is influenced by the combined level of economic, health, and environmental burdens in a community. Therefore, Staff believes the MHP Program should continue to pursue, and use to prioritize MHPs for master-meter utility conversions, the fundamental goals of the Pilot to proactively improve gas pipeline safety and reliability.

If the Commission wants to further inform the record of the proceeding with respect to how and whether the MHP Program should or could target or prioritize Disadvantaged Communities, Staff recommends collecting data on the correlation of MHP communities and residents located within the defined geographic characteristics of disadvantaged communities and populations. At the present time, given the historic purpose of the program, Staff proposes that it may be sufficient to utilize the existing criteria of safety and reliability, irrespective of whether a MHP serves or is within a Disadvantaged Community. However, if the Commission wishes to increase the levels of participation, or change the priority of which parks should be targeted, further analysis and data should be gathered in order to more fully develop a policy proposal in this area. This recommendation could be accomplished through a data request to

¹¹ A Disadvantaged Communities refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, health conditions like asthma and heart disease, as well as air and water pollution, and hazardous wastes. A disadvantaged community is any census tract that ranks in the statewide top 25% most affected census tracts in the most recently adopted version of the environmental health screening tool, CalEnviroScreen, and those census tracts that score within the highest 5% of CalEnviroScreen's pollution burden, but do not receive an overall CalEnviroScreen score. CalEnviroScreen was developed by the Office of Environmental Health Hazard Assessment (OEHHA) on behalf of the California Environmental Protection Agency (CalEPA) pursuant to Section 39711 of the Health and Safety Code. The current version of the tool, CalEnviroScreen 3.0, was released on January 30, 2017. Information about CalEnviroScreen is available here. <https://oehha.ca.gov/calenviroscreen>.

¹² MHP OIR at 15, item 3c.

the utilities with responses served to parties in the OIR, and comments from parties could help identify the issues to focus on for this analysis.

V. Proposed Permanent MHP Program

Section 3.2 of R.18-04-018 requires the Joint Staff Proposal to include recommendations for adoption of a permanent MHP Program to help the Commission decide if and what kind of a permanent program is warranted. R.18-04-018 also stated that the scope of this OIR does not include a reasonableness review of specific costs incurred by the utilities to date to administer the MHP Pilot Program. Therefore, staff took into consideration of the costs incurred by the program as compared to the estimates in D.14-03-021, but would not base our recommendation for a permanent program solely on the cost containment abilities of the utilities.

Staff recommends a permanent MHP Program (Program) to facilitate continued conversion of master-metered gas and electric systems, sub-metered and non-sub-metered, to direct utility service. Based on its evaluation as detailed above, Staff concludes that most utilities effectively implemented the Pilot and are progressing towards meeting the goals set in D.14-03-021, while some utilities require increased efforts to align their programs to levels compatible with their peers. However, Staff believes that the utilities overall have the capability to continue making improvements to their respective processes developed throughout the Pilot in order to proceed with Staff's recommendations for the Program. Based on lessons learned and the opportunity for programmatic and operational improvements, we believe the utilities can meet and possibly exceed and conversion rates achieved in 2017. Also, Staff proposes to set at 4% annual goal for the total percentage of conversion of master-metered spaces in a utility's respective territory. This 4% minimum goal would not include spaces already under conversion or scheduled for conversion each year beyond 2019 as an annual conversion goal. However, this 4% annual conversion target could be raised or could be lowered throughout the duration of the Program. The Commission may want to adjust the goal to address improvements in Program efficiencies, issues related to the contractor and inspection resources, and/or other unforeseen events. Staff recommends that the utilities adopt a goal of completing conversions of at least 50% of all MHP in their territory by the end of the 2030 calendar year. Interest in the program is strong, as demonstrated by many local and state elected officials who have voiced support of the program to this Commission and the number of initial applications for conversions far exceeded the 10% of total spaces target set for the Pilot. WMA, Liberty Utilities, BVES, the California Coalition of Utility Employees (CCUE), and Golden State Manufactured-home Owners League (GSMOL) supported the permanent program in their comments.

However, TURN, in its opening comments on the OIR, suggested that the MHP Program should be evaluated in accordance with the Risk Spend Efficiency concept from the S-MAP proceedings. But, as indicated by SDG&E and SoCalGas in their Reply Comments, the concept of Risk Spend Efficiency for MHP evaluation is inappropriate because it applies to the GRC and it

is meant to pertain to the utilities' *own* operations and services, and not on customer side of the meter.

TURN also suggested in its Opening Comments to the OIR that it and other non-utility parties could submit their programmatic change proposals after the utilities serve theirs, and TURN would require 60 days to review the additional information from the utilities and to analyze the utility proposals before being required to propose any programmatic modifications. As indicated in SDG&E and SoCalGas' reply comments, TURN and other parties are able to serve data requests on the parties to obtain any information they need to formulate their proposals, and requiring proposals to be issued in stages may only delay a final Decision.

In opening comments on the OIR, SCE, SDG&E, and SoCalGas indicated that a Decision is needed by the end of the 2nd quarter of 2019. PG&E indicated that utilities would probably have to suspend work in third quarter 2019 and enter the fourth quarter with no MHP conversion projects in the pipeline. PG&E believes that the proposed OIR schedule will need to be accelerated or it may be necessary to remove or modify October 31, 2019 construction deadline in Resolution E-4878. Any continuing program should strive for minimal interruption. Staff agrees that if a Decision can be rendered near mid- 2019, the CPUC should be able to avoid potential work stoppage/restart and loss of qualified contractors.

The proposed Program builds on experience from the Pilot, with refinements to incentivize and strengthen cost containment, expand eligibility for similarly situated master-metered MHPs without sub-meters, promote coordination with communication and broadband providers and municipal utilities and streamline the process for considering program changes over time. This Staff proposal seeks feedback from all parties on the following components:

1. Voluntary vs. Mandatory

- a. Consistent with the findings and direction provided by D.14-03-021, participation in the Program should continue to be voluntary for MHPs; however, utilities should continue to be mandated to offer conversions within any limits established by the Commission.
- b. Participation in the Program should continue to be a mandatory requirement for each of the eight utilities participating in the Pilot. This requirement enables all MHPs throughout the state to have equitable access for participation in the Program, is essential to gain improvements and cost efficiencies from dual utility conversions the Commission should expect from the Program, and would reduce disruption or inconvenience to MHP residents.

2. Standard Program Rules

- a. Participating eligible MHPs should continue to be funded for conversion “to the meter (TTM),” as well as, “beyond the meter (BTM)”.
- b. Eligibility criteria and rules for the Program should be the same for all participating utilities. Standardization assures fairness to MHPs throughout investor-owned utility parts of California and avoids (or seeks to minimize) confusion among Program participants and stakeholders.
- c. In limited cases, utility-specific goals may be reasonable, such as cost per space benchmarks.
- d. Electric and gas utilities are expected to show incremental program improvement in efficiency through program experiences, and benchmarking.
- e. Utilities should be allowed to submit Advice Letters to propose reasonable program improvements and changes via the Advice Letter process.
- f. Energy Division and SED will analyze annual report filings from the utilities and Energy Division and SED would review their scopes of work and expenditures. The Commission could establish priorities for staff review of the annual reports.

3. Eligibility

- a. All master-metered MHPs with gas and/or electric sub-meters, currently eligible to participate in the Pilot would be eligible to participate in the Program along with new MHP applicants. In addition, master-metered mobilehome parks that do not rely on sub-metering should also be eligible to participate in the Program. MHPs would be limited to a one-time participation/conversion under the Pilot or Program, but not both.
- b. Eligibility should not require sub-metering because master-metered gas systems are subject to the same regulations regardless of sub-metering status. Moreover, all master-metered MHPs without sub-meters present the same safety, reliability and capacity concerns as those with sub-meters. MHPs without sub-meters were permitted in California prior to changes in CPUC regulations starting January 1, 1997.
- c. The Commission should establish an application period every four years for MHPs to apply to the Program. Staff in SED could extend this to a five-year interval depending on its workload and priorities. Office of Ratepayer Advocates (ORA) also has a similar suggestion in its comment. The new application periods would be open to all MHPs that have not applied to the MHP pilot program as well as allow unconverted MHPs to update their application information. Following every application period, SED would establish new prioritization lists for the Program based on the criteria in section d below. Park selections will continue to be based on the most current prioritization lists that have been finalized by SED. Once new prioritization lists are finalized by SED, old lists would be voided.
- d. Staff believes the first application period for the Program should commence January 1 - March 30, 2020, and MHPs selected for conversion work starting on or after July 1,

2020, would be selected from the new SED lists. Also, outreach efforts related to this application period should commence no later than July 1, 2019.

- e. Staff believes a new application period would optimize the MHP program and prioritize safety, while providing for the continuation of work until the new lists can be developed and implemented. In this approach, safety issues outweigh other considerations and parties have been continually apprised that the Pilot would evolve over time. Moreover, the Commission has always made it clear that no MHP was provided a complete assurance that simply being on any list would guarantee any MHP that its utility systems would be converted to direct service, or any timeframes for such conversion.

4. Prioritization System

- a. TURN in its comments on the OIR suggested SED should provide more details on the prioritization process. SED's prioritization process was explained to TURN and ORA in meetings with SED staff. In addition, SED's prioritization process was provided in the original decision. Ordering Paragraph (OP) 3 of D. 14-03-021 authorized SED to prioritize conversions of natural gas only systems or dual service systems (both natural gas and electricity). Prioritization should be based on safety, reliability, dual conversions, capacity improvements with any modifications SED believes they are appropriate based on lessons learned from the MHP pilot program. Figure 1 in Appendix B shows a chart of criterion adopted for the Pilot.
- b. The Commission should identify which entity is responsible for the selection and prioritization of MHPs (to make a priority list or order for implementation) for participation in the program. This proposal offers two options for the Commission's consideration:
 1. OPTION 1. Safety and Enforcement Division (SED) should retain authority (similar to the Pilot) to select and prioritize MHPs for the program based on safety, and will oversee the work and the resolution of any issues that arise; or
 2. OPTION 2. Utilities will select and prioritize MHPs for the program based on determined risk criteria identified by SED and adopted by the Commission and the Commission would authorize SED to have the ability to audit / change the utility-established prioritization lists as needed.

Regardless of which option above is selected, SED should continue to oversee the MHP prioritization list for each utility and work with utilities to make modifications to the list as it becomes necessary. Utilities should send written requests to SED to modify the lists and only may proceed after a written approval from SED. A list of MHPs in Category 1 completed in the reporting year should be included in the annual report.¹³

- c. Following a new application period established by the Commission, SED would provide each utility, on an annual basis, with a list of MHPs comprising approximately 4% of the

¹³ Category 1 MHPs have the most safety and reliability concerns which require priority conversions.

total master-metered spaces in a utility's respective territory not already under conversion or scheduled for conversion beyond 2020.¹⁴ The year 2020 should be a transition year and conversions will need to occur from the existing list and may include MHPs from a new list to be developed by July 1, 2020. Staff believes an annual conversion rate of 4% is reasonable because utilities have performed up to the level of the MHP Pilot Program requirement in 2017 which is approximately 3.33% per year. We expect the level of conversion to improve over time as utilities continue to gain more experience in this Program. Subject to the voluntary participation by MHPs, Staff recommends the Commission adopt a goal of completing conversions of 50% of all MHP master-metered spaces served by the large gas and electric utilities, and 100% of the MHP master-metered spaces served by all the smaller electric utilities (PacifiCorp, Bear Valley and Liberty) by the end of the 2030 calendar year.

- d. As addressed in D.14-03-021, SED will prioritize the MHPs based on safety first and then on reliability and capacity improvements. Once SED has a list of eligible MHPs prioritized by this risk profile, SED will rank the MHPs into three categories with the two top categories each comprising 10% of the highest and second highest priority MHPs from the total and the third category comprising the remaining 80%. Each Utility would schedule work to most efficiently complete work for MHPs from the Category 1 list provided by SED. MHP owners also will have six months to have the necessary financing and permits ready once notified by the Utility. The list would be supplemented by SED to address completions, and removals of MHPs from the Program initiated by an MHP or SED. As such, the Category 1 list will be adjusted continuously to replace completed MHPs with MHPs from Category 2 or 3 and confirm an annual rate of 4% planned work.
- e. Each utility will manage and schedule MHP program work in coordination with SED. Utilities maintain discretion to manage the work in a manner that provides best use of resources, internal and external to the utility, necessary for coordination between other utilities and/or HCD/local enforcement agencies, and provides overall cost efficiencies to the MHP program. Beyond unforeseen circumstances that may result in deviations between completed work and a utility's respective MHP program targets, utilities would be expected to consult with SED for any planned deviations that become necessary based on a utility's operational needs to complete other, non-routine, work activities. SED does not expect workload to require additional staffing.

¹⁴ All eligible applicants are prioritized in Category 1, 2, and 3, based on the safety, reliability, and capacity conditions of the MHPs. However, Category 1 MHPs have the highest priority on utility conversions. Category 2 and 3 will move up the lists if MHPs in Category 1 drop off the lists.

5. Coordination with Communication/ Broadband Providers and with Publicly Owned Utilities

- a. As required by D.14-03-021, all utilities participating in the MHP program should continue to notify and coordinate with utilities who serve MHPs selected for utility conversion and could participate in installing or upgrading their utility facilities in conjunction with MHP program work, and in a manner which benefits Commission regulated gas and/or electric utility customers. Most telecommunication and municipal utilities have not participated during the three-year Pilot Program; only the City of Long Beach showed interest in gas upgrade in one of the MHP utility upgrade with SCE.
- b. The R.18-04-018 stated that the Commission would consider how to encourage participation from the Communication and Broadband providers. This particular concern was not addressed in the pilot or the utility reports on the pilot. Staff does not currently have any data on the participation of Communication providers in the pilot. If the Commission wants to develop this policy area further, Staff recommends seeking additional information from the utilities on the experience of the pilot in this regard. Any policy the Commission adopts will likely need to balance the CPUC's intent to create a competitively neutral and nondiscriminatory environment for the telecommunication companies while allowing the local governments to properly apply Public Utilities Code Section 2902¹⁵ to require telecommunication utilities to place communication facilities underground along with MHP utility upgrade projects.

6. Cost Benchmark

- a. Utilities should propose respective cost forecasts based on D.14-03-021 and actual costs realized during the MHP pilot program. Cost forecasts should show consideration on the measures to reduce costs.
- b. Utilities should propose a methodology for adjustments to the forecasts, if any. (e.g., increase for CPI, decrease for learned efficiencies).
- c. Utilities should provide a forecast for a cost per MHP space conversion.

¹⁵ PU Code §2902 reads: "This chapter shall not be construed to authorize any municipal corporation to surrender to the commission its powers of control to supervise and regulate the relationship between a public utility and the general public in matters affecting the health, convenience, and safety of the general public, including matters such as the use and repair of public streets by any public utility, the location of the poles, wires, mains, or conduits of any public utility, on, under, or above any public streets, and the speed of common carriers operating within the limits of the municipal corporation."

7. Cost Containment

- a. The utilities should remain responsible for ensuring that the overall project for any selected MHP is performed efficiently and cost effectively for ratepayers.
- b. SDG&E and SCE have lower average cost per space than PG&E. This could be due to lower overhead on the management structure and procedures of SDG&E and SCE. Therefore, while the Commission should closely examine the overhead costs of the MHP Upgrade Program, staff also recommends the following measures for cost containment.
- c. TURN suggested in its comments on the OIR that the Commission should reflect beyond-the-meter costs as expenses and not eligible for inclusion in rate base. However, this is a re-litigation of D.14-03-021 may be out of scope of this OIR as noted elsewhere in this Staff Proposal.
- d. Utilities should be directed to require MHP owners/operators to submit multiple bids (at least three) from contractors for proposed beyond-the-meter work during the time frames specified by utility tariffs. Of the three bids, the utilities should select the contractor that would provide the best value for the work to be performed in the selected MHP.¹⁶ Moreover, the Commission needs to affirm utilities' obligation to confirm reasonableness of "beyond the meter" (BTM) bids and be able to reject any unreasonable bids. Another consideration would be to have contracts for BTM work awarded in aggregated work packages (e.g., work for multiple MHPs in one bid); however, this approach would be difficult to implement under the current requirement for each MHP owner/operator to select its "beyond the meter" contractor. Staff believes the minimum of three bids would be less involved to implement and yet has great potential to result in cost savings by adding a competitive element to the "beyond the meter" bid process. SED should be provided the ability to review and remediate any issues that may arise with the three bid process, on a case-by-case basis.
- e. Resource constraints of HCD could limit the progress of MHP inspection work. However, a final Decision from the OIR with clear direction on the number of expected annual MHP utility upgrades would better allow HCD to seek inspection resources to account for the MHP program related work going forward.
- f. The Commission should require utilities to abandon the converted master-meter systems within 30 days of completing utility system(s) replacement(s), when the main distribution facilities and/or individual gas meters and pedestals and panels pass regulatory inspections and are capable to provide service beyond-the meters or pedestals. Any individual resident(s) who in any way refuse or delay service from the utility, or delays on the part of the MHP to complete the non-Program covered work for which it is responsible in time periods established by the utility, may not extend the 30-day abandonment requirement. Should conditions warrant, SED may provide an extension on a case-by-case basis. This would clarify the transfer process, allow

¹⁶ Nothing in the Staff Proposal is meant to imply contracting criteria applied by the utilities for the implementation of this program should not be conducted in accordance with General Order 156, related to Supplier Diversity., available here:
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M152/K827/152827372.pdf>

residents to realize the benefit of the MHP program in a timely manner, and more effectively allocate utility and Commission resources.

- g. MHP owners should remain responsible for environmental and cultural costs in the MHP utility upgrade projects.
- h. Each utility should be allowed to charge the costs associated with cancellation and discontinuance of the legacy system in its MHP memorandum account. These include the costs to de-energize existing system, remove master meter, and purge existing gas system. However, MHP owners are still responsible for the abandoned legacy systems beyond the meter.
- i. Program refinements should be implemented to incentivize and strengthen cost containment such as average cost cap per space for large and small utilities. PG&E suggested in its reply comment on the OIR that consideration or adoption of cost caps on any continuing program would act as a barrier to achieving the sought-after safety improvements, as utilities will seek to exclude MHPs where construction costs are expected to exceed any predetermined cost cap. Staff recognizes this concern. Hence, more data is needed from the utilities to implement the cost cap measure.
- j. PG&E also suggested that R.11-02-018 used a Category 3 MHP for conversion cost estimates which provided an overly optimistic view. Variability of unique MHP layouts, geological conditions, elevations, and other environmental factors will continue to challenge utilities and make it difficult to achieve real scale economies. Further, PG&E states the potential introduction of Polanco parks into the utilities' MHP programs introduces uncertainty as PG&E does not have any experience at all with these types of parks. Therefore, the Commission should maintain the current cost recovery, reasonableness review and annual reporting mechanisms to appropriately account for continued uncertainty and avoid limiting the ability of the utilities to convert MHPs. Staff recognizes that each MHP is unique, but cost savings or efficiency improvements should be achievable over time.
- k. The smaller utilities are more susceptible to factors such as staffing, weather, and contractor availability and these could contribute to their higher overhead and average cost per space.

8. Cost Recovery

- a. Continue funding material and labor costs for “beyond the meter” to the coach at no cost to resident.
- b. TURN suggested forecast ratemaking in its comment. However, utilities might forecast spending but still need to recover the actual costs. Therefore, cost recovery should continue the use of MHP program balancing account.
- c. TURN also indicated that utility cost forecasts will likely be at issue and evidentiary hearings would be necessary. Cost reasonableness review and recovery could continue to occur in GRCs where MHP utility upgrade budgets could be specified and justified.

9. Reporting Requirement

- a. Annual Reports filed during the pilot program provided useful program progress updates to parties to the proceeding, the Legislature, and interested members of the public. Staff recommends continuing the annual report process with additional information and a standardized format to ensure the level of detail to be provided, as well as uniformity in the data. TURN and ORA also have suggested more detailed cost information in their comments. On the other hand, PG&E suggested that any program cost data provided should align with Table 4-1 of the original rulemaking and testimony, as PG&E has done in its most recent annual report, so as to provide a consistent view of program expenditures. Tables 4 to 6 in Appendix C include data fields and formats for the annual MHP reporting requirements, which largely address TURN and ORA issues. They cover more extensive data requirements than the original rulemaking requirements.
- b. On an ongoing basis, annual reports should include the following information:
 1. Executive summary
 2. A list of MHPs completed in Category 1 during the year covered by the report
 3. Detailed MHP information for each completed MHP in table format which will include, at a minimum:
 4. Park name, city, county, zip code, census tract, SED priority # and/or ID, local distribution electric utility, local distribution gas utility, total # of spaces, total # of spaces converted to IOU service, cost per space, participating communication/broadband provider (if any), participating municipal utilities (if any)
 5. Cost table for each MHP: cost per space, by electric "to-the-meter", gas "to-the-meter", electric "beyond the meter", gas "beyond the meter", and rate impact from work on the MHP.
 6. Utilities should provide a cost forecast and a cost target through cost containment based upon a cost per MHP space conversion for the upcoming year and explain any deviation from current costs.
 7. Narrative describing efforts and results to coordinate with communication/broadband providers and municipal utilities.
 8. Links to website with MHP program information and copies of all prior reports.
- c. The annual reports provide information for staff to analyze the conversion rate, efficiency, cost components, and customer impact from rates. The Commission may use this information to benchmark among utilities and conduct audits.

10. Program Administration

If the Program continues then Staff recommends the following implementation steps:

- a. Each electric and/or gas corporation should file a Tier 2 Advice Letter for approval of new tariffs to establish a mandatory mobilehome park/manufactured housing community conversion program that contains all of the approved program components.
- b. The Advice Letter should be filed with the Commission's Energy Division within 45 days of the Decision. The Energy Division will consult with SED to ensure that the Advice Letter complies with the Decision of the Commission.
- c. Each electric and/or gas corporation must annually prepare a report for the conversion program to the Commission no later than February 1st of each calendar year. Data should also be provided in a Microsoft Access relational database format.
- d. All reports must be verified by an officer of the utility and the original must be submitted to the Commission's Executive Director. The utility must provide a copy to each Commissioner, each party listed on the service list for this rulemaking who requests one, the Chief Administrative Law Judge and the Energy Division Central Files and Safety and Enforcement Division, and to any other person who requests a copy.
- e. Each electric and/or gas corporation may file an Advice Letter or a formal Application to propose changes and/or end the program.

Appendix A

Table 1: Comparison of Completed MHP Conversions Before and After the Mobilehome Park Utility Upgrade Program

		PG&E	SCE	SDG&E	Liberty Utilities	PacifiCorp	BVES	SoCalGas	SWGAS	Total
1997 – 2014 (17 years) ¹⁷	Total # of MHPs	1,387	1,323	698	17	14	7	1,428	58	4,932
	Total # of Space	106,813	110,298	35,562	641	513	616	131,573	3,428	389,443
	spaces converted	170	2187	530	0	0	0	716	78	3,681
	% of total	0.16%	1.98%	1.49%	0.00%	0.00%	0.00%	0.54%	2.28%	0.95%
2015 – 2017 (3 years) ¹⁸	Total # of MHPs	1,383	1,308	694	17	14	7	1,425	57	4,905
	Total # of Space	105,318	106,768	34,597	633	507	608	129,231	3,308	380,970
	# of Space in Scope	8,897	10,133	3,341	63	51	61	12,800	582	35,928
	# of MHP Applicants	641	803	228	8	4	3	971	40	2,698
	# of Converted Spaces	3,189	5,658	1,361	24	29	250	6,698	181	17,390
	# of electric	2,904	5,658	1,361	24	29	250			10,226
	# of gas	3,189		1,361				6,698	181	11,429
	% of total	3.03%	5.30%	3.93%	3.79%	5.72%	41.12%	5.18%	5.47%	4.56%
# in MHP queue: spaces	5,708	4,475	1,980	39	22	134	6,102	401	13,153	

¹⁷ Based on Exhibit 1 of R.11-02-018, Joint Cost Report, 7/13/2012 and data from California Department of Housing and Community Development (HCD)

¹⁸ Based on D.14-03-021 and MHP Annual Reports

Appendix A

Table 2: Electric and Gas Space Conversions in 2016 and 2017 ¹⁹								
	PG&E	SCE	SDG&E	Liberty Utilities	PacifiCorp	Bear Valley Electric Services	SoCalGas	Southwest Gas
Number of Completed Electric Space Conversion								
2016	525	1,622	411	0	0	0		
2017	2,379	4,036	950	24	29	250		
Total	2,904	5,658	1,361	24	29	250		
% Diff Between 2016 & 2017	353%	149%	131%					
# of Space in Scope	8,897	10,133	3,341	63	51	61		
% Space in Scope Completed	32.64%	55.84%	40.74%	37.91%	57.20%	411.18%		
Average # of Space Conversion per Year (2015-2017) ²⁰	2,966	3,378	1,114	21	17	20		
Number of Completed Gas Space Conversion								
2016	635	0	411				1,665	0
2017	2,554	0	950				5,033	181
Total	3,189	0	1,361				6,698	181
% Diff Between 2016 & 2017	302%		131%				202%	
# of Space in Scope	8,897		3,341				12,800	582
% Space in Scope Completed	35.84%		40.74%				52.33%	31.10%
Average # of Space Conversion per Year (2015-2017) ²¹	2,966		1,114				4,267	194

¹⁹ Based on MHP Annual Reports

²⁰ Average conversion rate for electric space among the three utilities Compares to Annual Target is 95% for 2017

²¹ Average conversion rate for Gas space among the three utilities Compares to Annual Target is 96% for 2017

Appendix A

Table 3: Comparison of Estimated and Actual MHP Utility Conversion Costs (2015 – 2017)

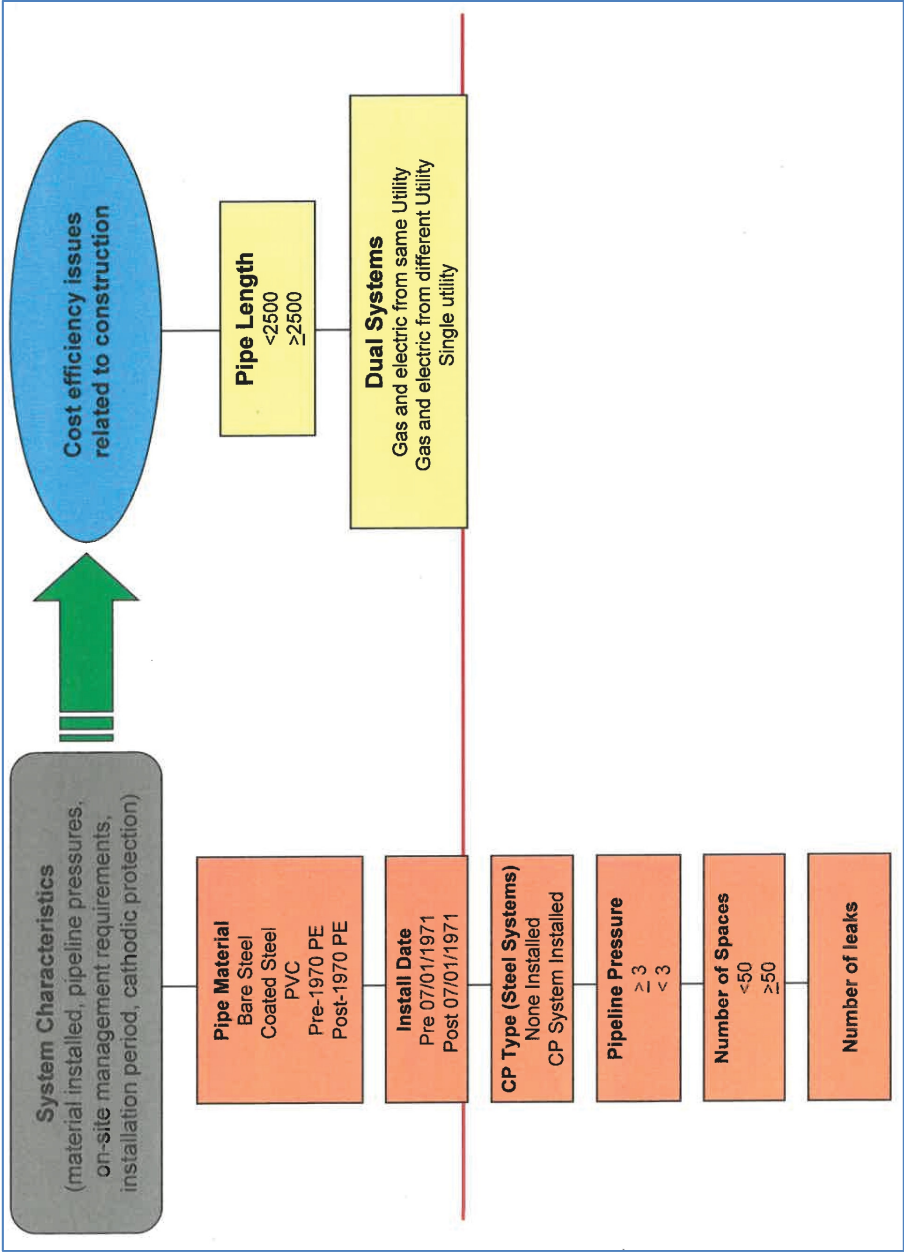
	PG&E	SDG&E	SCE	Liberty Utilities	PacifiCorp	Bear Valley Electric Services	SoCalGas	Southwest Gas
Completed Gas Space	3,189	1,361					6,698	181
Completed Electric Space	2,904	1,361	5,658		29	250		
# of Permitted Spaces	105,318	34,597	106,768	633	507	608	129,231	3,308
# of MHP	1,383	694	1,308	17	14	7	1,425	57
Cost/Space Elec & Gas (Projected) ²²	\$23,001.00	\$28,529.00	\$22,319.00	\$7,252.00	\$9,385.00	\$11,177.00	\$10,703.00	\$2,047.00
Cost/Space Electric (Actual) ²³	\$16,060.00	\$12,811.00	\$12,238.00	\$17,244.21	\$6,137.55	\$24,496.96		
Cost/Space Gas (Actual) ¹³	\$14,296.00	\$14,614.00					\$9,503.00	\$9,679.06
Cost/Space Elec & Gas (Actual)	\$30,356.00	\$27,425.00	\$12,238.00					
% Actual Total Elec & Gas Cost Exceeds Projected Cost ²⁴	31.98%	-3.87%	-45.17%	137.79%	-34.60%	119.17%	-11.21%	372.84% ¹⁴

²² Table 4-1 in Appendix B of D.14-03-021.

²³ Average of To-the-Meter (TTM) and Beyond-the-Meter (BTM) costs from MHP Annual Reports

²⁴ PG&E's, Liberty Utility's, and Southwest Gas' original cost/space estimates in D.14-03-021 might be low.

Figure 1: Mobilehome Park Selection Criteria based on Utility System Characteristics and Conditions²⁵



²⁵ SED developed this chart of MHP selection criteria.

Appendix C

Table 4: Annual Reporting Requirements – Fields for Individual MHP Identification, Conversion, and Cost Information

Reporting Fields of Basic MHP Information						
MHP Name	MHP Address	Name of MHP Representative Designated as Pilot Contact	Phone Number for MHP Representative	Mobilehome Park (MHP) HCD ID#		
Reporting Fields of Conversion Information						
Number of TTM Mobilehome and Covered Common Area Locations Converted (Gas)	Number of TTM Mobilehome and Covered Common Area Locations Converted (Electric)	Number of BTM Mobilehome Converted (Gas)	Number of BTM Mobilehome Converted (Electric)	Number of Non-Mobilehome Spaces (e.g., non-covered RV spaces, apartment units, etc.) Converted (Gas)	Number of Non-Mobilehome Spaces (e.g., non-covered RV spaces, apartment units, etc.) Converted (Electric)	
Reporting Fields of Pre-Construction Planning						
Date when utility held 1st MHP Resident Forum (dd/mm/yyyy). This is the Forum held before Agreement signed. If no 1st Forum held or date unknown, then "ND"	Date when utility held 2nd MHP Resident Forum (dd/mm/yyyy). This is the Forum held after Agreement signed. If no 2nd Forum held, then "ND"	Date when utility performed first design field meet with MHP representatives (dd/mm/yyyy) or if no field meet then "ND"				

Appendix C

Reporting Fields of Construction and Cut Over Phase						
Date Construction Started (dd/mm/yyyy).	Date which Construction Schedule Initially Expected All Work in the MHP to be Completed (dd/mm/yyyy)	Date TTM Construction Actually Completed at the MHP (dd/mm/yyyy)	Date BTM Construction Actually Completed at the MHP (dd/mm/yyyy)	Date last MHP space or connection in MHP was cut-over to new direct served system (dd/mm/yyyy)	For Gas Only -- Date gas purged from legacy system (dd/mm/yyyy) or "NA" if no purging necessary or "Open" if legacy system no longer flowing but still containing gas waiting to be purged).	
Reporting Fields of Capital and Expense Costs						
Total Covered Capital Costs related to the MHP's Pilot Project	Total Covered Expense Costs related to the MHP's Pilot Project	Total Non-Covered Capital Costs related to the MHP's Pilot Project	Total non-Covered Expense Costs related to the MHP's Pilot Project			

Appendix C

Reporting Fields of TTM Capital and Expense Costs						
Total Covered TTM Capital Costs related to the MHP's Pilot Project	Percentage by which final Covered TTM Capital Costs exceeded original estimates	Total Covered TTM Expense Costs related to the MHP's Pilot Project	Percentage by which final Covered TTM expenses exceeded original estimates	Total Non-Covered TTM Capital Costs related to the MHP's Pilot Project	Percentage by which final non-Covered TTM Capital costs exceeded original estimates	Total non-Covered TTM Expense Costs related to the MHP's Pilot Project
						Percentage by which final non-Covered TTM expenses exceeded original estimates
Reporting Fields of BTM Capital and Expense Costs						
Total Covered BTM Capital Costs related to the MHP's Pilot Project	Percentage by which MHP's final Covered BTM Capital Costs deviated from original estimates	Total Covered BTM Expense Costs related to the MHP's Pilot Project	Percentage by which MHP's final Covered BTM expenses deviated from original estimates	To the extent known to the utility, total non-Covered BTM Capital Costs related to the MHP's Pilot Project. If unknown, then "UK"	To the extent known to the utility, percentage by which final non-Covered BTM Capital costs deviated from original estimates. If unknown, then "UK"	To the extent known to the utility, total non-Covered BTM Expense Costs related to the MHP's Pilot Project. If unknown, then "UK"
						To the extent known to the utility, percentage Covered BTM expenses deviated from original estimates. If unknown, then "UK"
Reporting Fields of Permit Cost Information						
Estimated total BTM Covered Permit costs (HCD and non-HCD) for the MHP	Actual total BTM Covered Permit costs (HCD and non-HCD) for the MHP	Details for the types of BTM permits needed for the MHP				

Appendix C

Reporting Fields of Cost Deviation Information						
Details on known factors or conditions which contributed to actual TTM Capital Costs for the MHP exceeding original estimates. If not known, then enter "UK"; if actuals did not exceed original estimates, then enter "NA"	Details on known factors or conditions which contributed to actual TTM Expense Costs for the MHP exceeding original estimates. If not known, then enter "UK"; if actuals did not exceed original estimates, then enter "NA"	Details on known factors or conditions which contributed to BTM Capital Costs for the MHP exceeding original estimates. If not known, then enter "UK"; if actuals did not exceed original estimates, then enter "NA"	Details on known factors or conditions which contributed to BTM Expense Costs for the MHP exceeding original estimates. If not known, then enter "UK"; if actuals did not exceed original estimates, then enter "NA"			

Appendix C

Table 5: MHP Annual Reporting Requirements – Fields for Total Program Costs					
Total expense administrative costs for Pilot implementation	Total capital administrative costs for Pilot implementation	Total Pilot related costs since the issuance of Decision (14-03-021) thru April 30, 2017	Total costs related to Pilot outreach efforts thru April 30, 2017	Total capital costs for Pilot related construction activity through April 30, 2017	Total expense costs for Pilot related construction activity through April 30, 2017
					Other costs (along with a brief explanation of the types of costs included in the “other costs” category) thru April 30, 2017

Table 6: MHP Annual Reporting Requirements – Fields for Customer Impact				
Reporting Year	Average Rate without MHPBA recovery (\$/therm)	Average Rate with MHPBA recovery (\$/therm)	Rate Change (\$/therm)	% Rate Change
Core				
Non-Core				

(END OF ATTACHMENT 1)